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IN THE

Supreme Court of the United States

OCTOBER TERM 1956

No. 698

WADE H. COOPER,

Petitioner,

vs.

UNITED STATES OF AMERICA,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

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INDEX.

	PAGE
Questions Presented	2
Rules and Laws Involved	4
1. Points not in issue	4
2. The Answer	4
3. No Notice	4
4. Fifth Amendment	4
5. Return of Capital	4
6. Fraud	5
7. Unclean Hands	5
8. Status Quo	5
Statement of the Case	6
Why the Writ should be granted	7
Judgment of Affirmance	12

Table of Cases.

English vs. Devine, D. C. Mass. (1945) (59 Fed. Supp. 379) 6, 10
Hormel vs. Helvering, 312 U. S. 566 (1940) 4, 6, 8
Olmstead vs. United States, 277 U. S. 484, 485 ..... 5, 10
Penn Road Corp. vs. Commissioner, Tax Court Vol. 21, page 1098 4
Regal Knitcaen Co. vs. N. L. R. B., 324 U. S. 1-9 ..... 6, 10
Windsor vs. McVeigh, 93 U. S. 281 (1876) 4, 8

Table of Statutes.

Constitution in the Code of Laws of 1935, Fifth Amendment 3, 4, 9
Federal Code Annotated, Sec. 1346, Title 28 2
Title 28 (Judicial Code and Judiciary) Sec. 347, Code of Laws of the United States of 1935, page 1272 (Sec. 240 Judicial Code amended) 2
U. S. Code of 1952, Sec. 1291, Title 28, page 4183 2

II.

Rules and Regulations.

	PAGE
Regulation 111, Sec. 29, 21(a)	5, 9
Rule 56(c)	4
Rules of Civil Procedure 10(b)	5, 9
8(s) page 11	5

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PETITION FOR WRIT OF CERTIORARI

To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Petitioner, Wade H. Cooper prays that a Writ of Certiorari issue to review the Judgment of the United States Court of Appeals for the District of Columbia Circuit, entered in the above numbered cause on October 25, 1956, affirming the judgment of the Court below, a judgment of the District Court of the United States for the District of Columbia, on October 21, 1955, in favor of Respondent. A

NOTE: For definitions of words and phrases please see note on page 1 in brief for Appellant and joint appendix.

rehearing *en banc* was denied by said Court of Appeals on Nov. 26, 1956, Judges Prettyman and Fahy not participating.

Petitioner represents:

1. That the said District Court (Judge Holtzoff) did not deliver any opinion in the case, but simply granted the "Amended Motion" of Respondent on October 21, 1955, without notice to and in the absence of Petitioner.

2. That the opinion of the D. C. Court of Appeals of October 25, 1956, has not yet been officially reported and a copy is appended hereto at page 12.

Jurisdiction:

3. The District Court derived jurisdiction under Sec. 1346, Title 28, Federal Code Annotated.

4. The D. C. Court of Appeals derived jurisdiction from Sec. 1291, Title 28, page 4183, U. S. Code of 1952, and other lawful authority prior thereto.

5. The Supreme Court derived jurisdiction from Title 28 (Judicial Code and Judiciary) Sec. 347, Code of Laws of the United States of 1935, page 1272. (Sec. 240 Judicial Code amended.)

Questions Presented

1. Was, and is it lawful for any of the lower Courts or the Tax Court or the Court of Appeals (CCA4) to base their opinions or judgments upon points never put in issue in the pleadings or at the trial or hearing?

2. Was, and is it lawful for the Respondent to file an answer without permission of the Court at any time three months or 85 days late or out of time 85 days, as in the instant case?

3. Was, and is it lawful for the District Court (Judge Holtzoff) to grant an "Amended Motion" at any time without notice to Petitioner, as a party to the suit, of the date of the hearing, and, also, without notice of the granting of the same, as in the instant case?

4. Was, and is it a violation of the due process clause of the Fifth Amendment of the Constitution for the District Court to enter an order dismissing the bill of Petitioner without giving him notice of the date of the hearing, as in the instant case?

5. Does *res judicata* or collateral estoppel apply to a new question, a new cause of action never before in issue, as in the first amendment claiming $7,433.68 as return of capital?

6. Was the Savings Bank fraudulently closed?

7. If the order of the Court of Appeals of 1936 is finally declared fraudulent and not binding (the order holding the Savings Bank insolvent) does the affirmation order of the Court of Appeals (CCA 4) still remain in force and effect, regardless of the fact that the order of 1936, (upon which it was based) is declared fraudulent and not binding? An answer to this question will (it seems) determine the fate of the dismissal order of the D. C. Court of Appeals on October 25, 1956.

8. Was the D. C. Court of Appeals legally correct in dismissing the Bill of Complaint on Oct. 25, 1956, in view of the law and the facts? Petitioner thinks the record abundantly showed that this question should be answered in the negative—

Rules and Laws Involved

1. *Points not in issue.*

> • • • "Recognition of this general principle has caused this Court to say on a number of occasions that the Reviewing Court should pass by without decision questions which were not urged before the Board of Tax Appeals". Hormel vs. Helvering, 312 U. S. 566 (1940).

2. *The Answer.*

The answer of the Government was not filed until 85 days late or out of time 85 days contrary to the Rules (JA 44(a)) Rules are derived from the Law.

3. *No Notice.*

Petitioner never received any notice whatever at any time of the date of the alleged hearing of Oct. 21, 1955, or the granting of the "Amended Motion". (Affidavit of Petitioner JA 47) (Rule 56(c)). Such conduct is referred to by the Supreme Court as a "mockery" and a "fraud" in Windsor vs. McVeigh, 93 U. S. 281 (1876), where, with approval, Judge Story is quoted by the Supreme Court as referring to such an order as a "solemn fraud" and as to such orders "as mere Mockeries and as in no just sense judicial proceedings" and they "ought to be deemed as mere arbitrary edicts or substantial frauds".

4. *Fifth Amendment.*

The due process clause is in the Fifth Amendment found in the Constitution in the Code of Laws of 1935 or any other U. S. Code.

5. *Return of Capital.*

"mere Capital" is entirely free from taxation. Penn Road Corp. vs. Commissioner, Tax Court Vol. 21, page 1098

(1954). And also regulation 111 Sec. 29, 21(a). A mere "return of capital" is entirely free from taxation.

Rules of Civil Procedure 10(b):

> • • • Each claim founded upon a separate transaction or occurrence and each defense other than denials shall be stated in a separate count or defense whenever a separation facilitates the clear presentation of the matter set forth. And see Rule 8(f) page 11.

6. Fraud.

See paragraph 6 "Why the Writ should be granted" showing various fraudulent acts.

7. Unclean Hands:

> "But the objection that the Plaintiff comes with unclean hands will be taken by the Court itself".
>
> "Decency, security and Liberty alike demand that Government officials be subjected to the same rules of conduct as are commands to the citizen", • • •
>
> "The maxim of unclean hands comes from Courts of Equity. But the principle prevails also in Courts of Law. Its common application is in civil actions between private parties. When the Government (as here) is the actor, the reasons for applying it are even more persuasive."
>
> • • • "It is invoked in order to maintain respect for law; in order to promote confidence in the administration of justice; in order to preserve the judicial process from contamination." Mr. Justice Brandeis in Olmstead vs. United States, 277 U. S. 484, 485.

8. Status Quo.

The Supreme Court has authority to restore the *Status Quo* regardless of the action of the Court of Appeals or any member of that Court.

> "After a defendant has been notified of the pendency of a suit seeking an injunction against him, he acts at

his peril and is subject to the power of the Court to restore the "*Status Quo.*" English vs. Devine, D. C. Mass. (1945) (59 Fed. Supp. 379).

This applies to all the Judges of the Court of Appeals, as they were "in active concert or participation with them who received actual notice." Regal Knitcaen Co. vs. N. L. R. B., 324 U. S. 1-9.

Statement of the case

1. This case had its origin in the Tax Court, involving firstly, the gains on certain assignments in settlement of the matter of interest with certain depositors of the Savings Bank in question following the payment of 100 per cent principal (not pertinent here). And secondly, the claim of Petitioner of a refund of around $17,000.00 growing out of a stock loss of $352,800. in 1945, as the result of the wrongful liquidation of the solvent Savings Bank, which paid 100 per cent promptly and later 10 per cent interest.

2. The fundamental question in the Tax Court was the year of the loss. The Tax Court (one Judge) held that the loss was sustained in 1936, when the D. C. Court of Appeals held that the Savings Bank was insolvent, or the year 1937 when the Receiver of the Bank sued the Stockholders for an assessment, both prior to the year 1941, the year the carry over law was passed, and under which Petitioner sought to carry over his loss of $352,800.00, sustained, he claimed in the year 1945. The Court of Appeals (CCA 4) affirmed the holding of the Tax Court.

3. The years 1936 and 1937 were never mentioned in the pleadings or at the trial in the Tax Court and were injected in the reply brief of Respondent sixty days subsequent to the trial of the case, contrary to the law as laid down by the Supreme Court. (312 U. S. 566.) There-

fore, upon affirmation by the Court of Appeals (CCA 4) Petitioner filed a complaint to have the order of the D. C. Court of Appeals in 1936 holding the Bank insolvent declared fraudulent (JA 1, 10) and not binding on the District Court (JA 10).

4. The Respondent was 85 days late in filing his answer *without permission of the Court at any time.* And Petitioner never at any time received any notice of the alleged hearing on Oct. 21, 1955, or any notice of the granting of the motion (see JA 47 affidavit of Petitioner).

5. In addition to claiming a carry over loss under Sec. 117 (e) Petitioner filed an amendment, claiming the assignment gains were restored capital (JA 29 last paragraph).

6. The District Court at a hearing on October 5, 1955, sustained the plea of *res judicata*, but the order was never entered, and on Oct. 18th the "Amended Motion" was filed, and on Oct. 21, 1955, an order was entered granting the "Amended Motion", without notice or knowledge of Petitioner, from which order Petitioner appealed to the D. C. Court of Appeals. The Court of Appeals on Oct. 25, 1956, sustained the District Court, upon the ground that the order of the Court of Appeals (CCA 4) was *res judicata* as to 1946, and applied collateral estoppel as to the other years. This was like saying that the order of the D. C. Court of Appeals in 1936, now under attack for fraud, was *res judicata* and beyond attack, as the order of the Court of Appeals (CCA 4) falls if and when the order of 1936 falls.

Why the Writ should be granted

1. The record shows that neither the year 1936 nor the year 1937 were ever put in issue, in the pleadings or at the hearing, in the Tax Court and not until 60 days fol-

lowing the hearing when these two years were injected into the reply brief of the Government (JA 41, 42, 45, 49). The Supreme Court has repeatedly held:

> "That the Reviewing Court should pass without decision questions which were not urged before the Board of Tax Appeals." See Hormel vs. Helvering, 312 U. S. 566.

2. The record shows that the answer of the Government was filed out of time about three months (85 days) without permissio. of the Court, and following a motion for permission, which was never granted (JA 26, 27). It appears that the printer only printed a part of the proposed order never granted (top of page 26 JA). If the Government could delay its answer 85 days without permission, why not 850 days. Rules are made to be observed and enforced.

3. Petitioner never at any time received any notice of a date set for the hearing of the "Amended Motion" and never received any notice of the granting of same on Oct. 21, 1955, until so informed by Judge Tamm in open Court on Dec. 8, 1955. (See affidavit of Petitioner JA 47.) The Supreme Court has said that such conduct is a "mockery" and a "fraud". And as the case was decided upon points never put in issue as stated in paragraph 1, which was also without notice, until 60 days after the hearing, such conduct also is characterized by the Supreme Court as a "mockery" and a "fraud". 93 U. S. page 281 (1876), where, with approval, Judge Story is quoted by the Supreme Court as referring to such an order as a "solemn fraud" and as to such orders "as mere mockeries and as in no just sense judicial proceedings" and "they ought to be deemed as mere arbitrary edicts or substantial frauds". In such cases Petitioner respectfully submits that the time of our Courts should not be wasted on such

proceedings but the offending Court or Judge should be required to obey the law and the facts or enjoined from any further action in such a case, as his discretion or power is abused and arbitrary and without justification.

4. Failure to give a party notice does violence to the due process clause of the Fifth Amendment of the Constitution of the United States. Our Supreme Court characterized such misconduct as a "mockery" and a "fraud", as already shown.

5. The first amendment of the original complaint (JA 29, bottom of page) a paragraph (should be 14) specifically claims that the $7,433.86 gains made in the calendar year 1945, were the return of capital, entirely free from taxation, according to Regulation III Sec. 29-21 (a). This is in addition to the carry over claim, both permissible under the Rules (See Rule 10 (b)) but utterly disregarded by both the lower Courts.

6. The closing of the Bank was fraudulent as the record shows (See affidavits of Col. Fowler, Mr. Rolland Nutt, Mr. Spencer Fitzgerald (JA 15, 16, 17), Col. Fowler stating that the former Comptroller offered to open the Bank for him if he would secure Petitioner's stock; Mr. Nutt, Deputy Receiver of the Bank, stating that he and the Receiver, Mr. Keene (deceased) refused to sue the stockholders, as they found the Bank solvent, following which they resigned by request; and Mr. Fitzgerald stating that the bank building was not sold until 1944-45.)

7. Fraud destroys everything, including all orders based upon the original fraudulent order, as the D. C. Court of Appeal's order of 1936 in the instant case. Courts will not or should not contaminate themselves by relying upon fraudulent orders, as in the instant case.

> "But the objection that the Plaintiff comes with unclean hands will be taken by the Court itself".
>
> • • • "It is invoked in order to maintain respect for law; in order to promote confidence in the administration of justice; in order to preserve the judicial process from contamination." Mr. Justice Brandeis in Olmstead vs. United States, 277 U. S. 484, 485.

It is not necessary to take any action regarding the Court of Appeals (CCA 4) as the D. C. Court of Appeals has the authority to declare fraudulent the 1936 order, but in any event the Court of Appeals (CCA 4) would disregard its former holding as stated in the foregoing, or be ordered to do so by the Supreme Court if necessary.

8. The Supreme Court has authority to restore the *Status Quo* regardless of the action of the Court of Appeals or any member of that Court.

> "After a defendant has been notified of the pendency of a suit seeking an injunction against him, he acts at his peril and is subject to the power of the Court to restore the *Status Quo*." English vs. Devine, D. C. Mass. (1945) (59 Fed. Sup. 379).

This applies to all the Judges of the Court of Appeals, as they were "inactive concert or participation with them who received actual notice". Regal Knitwear Co. vs. N. L. R. B., 324 U. S. 1-9.

9. The Record shows that the D. C. Court of Appeals has sanctioned the action of the lower Court in disregarding the Rules, the Law, the Facts, and the Constitution as shown above.

10. Petitioner respectfully urges Mr. Justice Frankfurter, Mr. Justice Reed and Mr. Justice Black to refrain from participating in this case, as all three of them refused to grant certiorari, unless Petitioner is mistaken, in the case where Petitioner sued for conspiracy to wreck the

Bank, thereby approving the lower Court holding that all officers of the Government are immune, so long as they act within the scope of their authority, clearly meaning that a conspiracy to wreck and destroy was "in the scope of authority", a paradoxical situation. They also refused to grant certiorari where the lower Court required the Bank to pay 6 per cent interest following the payment of 100 per cent principal, both holdings contrary to Law.

For the foregoing reasons Petitioner Prays that this petition for a Writ of Certiorari be granted.

January 14th, 1957.

Respectfully submitted,

WADE H. COOPER *Pro se.*,
University Club,
Washington, D. C.

Judgment of Affirmance

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 13,186

WADE H. COOPER,

Appellant,

v.

UNITED STATES OF AMERICA,

Appellee.

Appeal from the United States District Court
for the District of Columbia

Decided October 25, 1956.

Mr. Wade H. Cooper, appellant, *pro se*.

Mr. Charles B. E. Freeman, Attorney, Department of Justice, of the bar of the Supreme Judicial Court of Massachusetts, *pro hac vice*, by special leave of Court, with whom Mr. Charles K. Rice, Assistant Attorney General, Mr. Lee A. Jackson, Attorney, Department of Justice, Mr. Oliver Gasch, United States Attorney, Mr. Lewis Carroll and Mrs. Kitty Blair Frank, Assistant United States Attorneys, were on the brief, for appellee. Mr. Harold H. Greene, Assistant United States Attorney, also entered an appearance for appellee.

Before Bazelon, Fahy and Bastian, Circuit Judges.

Per Curiam: The primary question in this suit for refund of federal income taxes for the years 1946 through

1950 relates to appellant's allegation that certain bank stock became worthless in 1945 and that he is therefore entitled to apply the five-year loss carry-over provision of Section 117(e) of the Internal Revenue Code of 1939, 26 U. S. 117(e) (1952 ed.), which became effective December 31, 1941. But in a prior proceeding, commenced by this appellant's Tax Court petition for redetermination of 1946 taxes, the Court of Appeals for the Fourth Circuit held that the bank stock became worthless before December 31, 1941. (Cooper vs. Comm'r, 209 F. 2d 154 (4th Cir. 1954.) Upon that holding the carry-over provision is inapplicable. The present claims are therefore barred: that for 1946 as *res judicata*, Comm'r v. Sunnen, 333 U. S. 591, 597 (1948); those for 1947 through 1950 by collateral estoppel. Tait v. Western Maryland R. Co., 289 U. S. 620 (1933).

With respect to other matters urged by appellant we find no error affecting substantial rights. The summary judgment below in favor of appellee is affirmed.

INDEX

	Page
Opinions below	1
Jurisdiction	1
Question presented	2
Statute involved	2
Statement	4
Argument	9
Conclusion	9

CITATIONS

Cases:	
Commissioner v. *Sunnen*, 333 U. S. 591	8
Cooper v. *Commissioner*, decided September 7, 1951 (T. C.), affirmed, reversed and remanded, 197 F. 2d 951	5, 7
Cooper v. *Commissioner*, decided June 13, 1953 (T. C.), affirmed, 209 F. 2d 154	5, 8
Eisler v. *United States*, 170 F. 2d 273	9
Otis & Co. v. *Securities and Exchange Commissioner*, 176 F. 2d 34, reversed, 338 U. S. 843, rehearing denied, 338 U. S. 888	8
Papagianakis v. *The Samos*, 186 F. 2d 257, certiorari denied, 341 U. S. 921	9
Partmar Corp. v. *Paramount Corp.*, 347 U. S. 89	8
Pennoyer v. *Neff*, 95 U. S. 714	9
Tait v. *Western Md. Ry. Co.*, 289 U. S. 620	8
United States Sav. Bank v. *Morgenthau*, 85 F. 2d 811, certiorari denied, 299 U. S. 605, rehearing denied, 301 U. S. 666	8, 9
Williams v. *North Carolina*, 325 U. S. 226	9
Constitution and Statute:	
Constitution of the United States, Fifth Amendment	9
Internal Revenue Code of 1939:	
Sec. 23 (g) (26 U. S. C., 1952 ed., Sec. 23 (g))	2
Sec. 117 (b) (26 U. S. C., 1952 ed., Sec. 117 (b))	3
Sec. 117 (d) (26 U. S. C., 1952 ed., Sec. 117 (d))	3
Sec. 117 (e) (26 U. S. C., 1952 ed., Sec. 117 (e))	3, 7
Sec. 117 (f) (26 U. S. C., 1952 ed., Sec. 117 (f))	4, 7
Sec. 1140 (26 U. S. C., 1952 ed., Sec. 1140)	5

Miscellaneous:

	Page
Federal Rules of Civil Procedure:	
Rule 60 (b)	9
Rule 77 (d)	9
Restatement of Judgments (1942):	
Secs. 5–7	9
Sec. 11	9

In the Supreme Court of the United States

OCTOBER TERM, 1956

No. 698

WADE H. COOPER, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The District Court did not render an opinion. The opinion of the Court of Appeals (Pet. 12–13) is reported at 238 F. 2d 40.

JURISDICTION

The judgment of the Court of Appeals was entered on October 25, 1956. (R. 55)[1] Petitioner's motions for a rehearing *en banc*, and for Judges Bazelon, Fahy, and Bastian (comprising the panel which heard the case) to disqualify themselves, were denied on November 26, 1956. A petition for a "mandatory

[1] Record references are to petitioner's printed record filed in this Court.

injunction or restraining order" filed in this Court on November 20, 1956, was denied on January 14, 1957. The petition for a writ of certiorari was filed on January 18, 1957. The jurisdiction of this Court is invoked under 28 U. S. C., Section 1254.

QUESTION PRESENTED

Whether the court below erred in holding that petitioner was barred in this suit from claiming any refund for 1946 by reason of *res judicata,* and from claiming any refund for 1947 through 1950 by reason of collateral estoppel.

STATUTE INVOLVED

Internal Revenue Code of 1939:

> SEC. 23. DEDUCTIONS FROM GROSS INCOME.
>
> * * * * *
>
> (g) *Capital Losses.*—
>
> (1) *Limitation.*—Losses from sales or exchanges of capital assets shall be allowed only to the extent provided in section 117.
>
> (2) *Securities Becoming Worthless.*—If any securities (as defined in paragraph (3) of this subsection) become worthless during the taxable year and are capital assets, the loss resulting therefrom shall, for the purposes of this chapter, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets.
>
> * * * * *

(26 U. S. C., 1952 ed., Sec. 23)

SEC. 117. [As amended by Section 150 (c) of the Revenue Act of 1942, c. 619, 56 Stat. 798].
CAPITAL GAINS AND LOSSES.

* * * * *

(b) *Percentage Taken Into Account.*—In the case of a taxpayer, other than a corporation, only the following percentages of the gain or loss recognized upon the sale or exchange of a capital asset shall be taken into account in computing net capital gain, net capital loss, and net income:

100 per centum if the capital asset has been held for not more than 6 months;

66⅔ per centum if the capital asset has been held for more than 18 months but not for more than 24 months;

50 per centum if the capital asset has been held for more than 6 months.

* * * * *

(d) *Limitation on Capital Losses.*—

* * * * *

(2) *Other Taxpayers.*—In the case of a taxpayer, other than a corporation, losses from sales or exchanges of capital assets shall be allowed only to the extent of the gains from such sales or exchanges, plus the net income of the taxpayer of $1,000, whichever is smaller. For purposes of this paragraph, net income shall be computed without regard to gains or losses from sales or exchanges of capital assets.

(e) *Capital Loss Carry-Over.*—

(1) *Method of Computation.*—If for any taxable year beginning after December 31, 1941, the taxpayer has a net capital loss, the amount thereof shall be a short-term capital loss in each of the five succeeding taxable years to the extent

that such amount exceeds the total of any net capital gains of any taxable years intervening between the taxable year in which the net capital loss arose and such succeeding taxable year. For purposes of this paragraph a net capital gain shall be computed without regard to such net capital loss or to any net capital losses arising in any such intervening taxable years.

(2) *Rule for Application of Capital Loss Carry-Over From 1941.*—The amount of the net short-term capital loss of the last taxable year beginning in 1941 (computed without regard to amounts treated as short-term capital losses from the preceding taxable year), which is not in excess of the net income for such taxable year, shall, to the extent of the net short-term capital gain for the succeeding taxable year (computed without regard to this paragraph), be a short-term capital loss of such succeeding taxable year.

(f) *Retirement of Bonds, Etc.*—For the purposes of this chapter, amounts received by the holder upon the retirement of bonds, debentures, notes, or certificates or other evidences of indebtedness issued by any corporation (including those issued by a government or political subdivision thereof), with interest coupons or in registered form, shall be considered as amounts received in exchange therefor.

* * * * *

(26 U. S. C., 1952 ed., Sec. 117)

STATEMENT

The facts of this case may be summarized as follows:

This case originated in the District Court for the District of Columbia as a civil proceeding for a refund of taxes for the years 1946 through 1950. (R. 1–10.) Petitioner, in a prior suit in which there were two hearings before the Tax Court and two appeals to the Court of Appeals for the Fourth Circuit,[2] claimed a deduction, by way of a carry-over for the year 1946 on account of a loss on capital stock which was asserted to have become worthless in 1945. He also claimed that the gain received on account of certain interest assignments was a return of capital. In the prior suit, the Tax Court held that the deduction must be denied because the stock became worthless prior to December 31, 1941, and the year of worthlessness antedated the period from which the loss could be carried over as a deduction to the taxable year 1946. It also held that the gain received on account of the interest assignments constituted ordinary income. The Court of Appeals affirmed, 209 F. 2d 154 (C. A. 4), and its decision became final under 26 U. S. C. 1140 because no petition for certiorari was filed. (R. 23–25.)

In the present suit brought in the District of Columbia, the taxpayer seeks a refund of taxes for the years 1946 through 1950, based upon the theory that in each of those years he was entitled to a deduction resulting from a carry-over of the loss allegedly

[2] *Cooper* v. *Commissioner*, decided September 7, 1951 (1951 P-H T. C. Memorandum Decisions, par. 51,267), affirmed in part, reversed in part and remanded, 197 F. 2d 951 (C. A. 4th); *Cooper* v. *Commissioner*, decided June 13, 1953 (1953 P-H T. C. Memorandum Decisions, par. 53,252), affirmed, 209 F. 2d 154 (C. A. 4th).

sustained in 1945, when the same stock involved in the prior proceedings is claimed to have become worthless, and also upon the theory that the same interest assignments involved in the prior proceedings resulted in a return of capital rather than a realization of income in 1946. (R. 1–10, 28–31.)

The District Court granted the Government's motion for summary judgment on the ground that the present action was barred by *res judicata* and collateral estoppel. (R. 42–43.) On appeal, the Court of Appeals in a *per curiam* order dated October 25, 1956, affirmed. (R. 53–54.) Thereafter, on November 8, 1956, petitioner filed a petition for rehearing *en banc*. On the same day, he also filed a motion for Judges Bazelon, Fahy and Bastian (comprising the panel which heard the case) to disqualify themselves. On November 26, 1956, the petition for rehearing was denied, Judges Prettyman and Fahy not participating. On the same day, the motion for disqualification was also denied, Judge Fahy not participating. On November 20, 1956, a petition for a "mandatory injunction or restraining order" was filed in this Court; it was denied on January 14, 1957.

ARGUMENT

1. In the instant case, petitioner seeks a refund of taxes for the years 1946–1950. (R. 1–10, 28–31.) However, since the issues involved here have been litigated in prior tax proceedings instituted by petitioner, the courts below correctly applied the doctrines of *res judicata* and collateral estoppel.

It is clear that to the extent petitioner seeks a refund for the year 1946, the cause of action involves the same subject matter as that involved in the prior tax litigation, namely, the correct tax liability for the year 1946. It is also clear that the final judgment in the prior tax litigation is a complete bar to relitigation of the identical issue in the instant suit. In the prior tax proceedings involving the year 1946, petitioner claimed, as he also does in this suit, that the United States Saving Bank stock involved became worthless in 1945 with the result that he was entitled to a deduction, by way of a carry-over to the year 1946. On remand, the Tax Court determined that the bank stock became worthless prior to December 31, 1941, thus precluding any possible claim that Section 117 (e), *supra*, pp. 3–4, would be applicable for the year 1946 or any other year for which petitioner is claiming a carry-over deduction because of an alleged loss in 1945. In the prior tax proceedings, petitioner also claimed, as he does in this suit, that the gain resulting from the assignments of interest was a return of capital. The Tax Court determined that since the assignments had been acquired at a cost of $3,185.95, and petitioner realized $10,619.83, the difference of $7,433.88 represented taxable income and did not qualify for capital gain treatment. On remand, the Tax Court decided that Section 117 (f), *supra*, p. 4, pertaining to retirement of certificates of indebtedness, did not apply. *Cooper* v. *Commissioner*, decided September 7, 1951 (1951 P–H T. C. Memorandum Decisions, par. 51,267), affirmed in

part, reversed in part and remanded, 197 F. 2d 951 (C. A. 4th); *Cooper* v. *Commissioner,* decided June 13, 1953 (1953 P–H T. C. Memorandum Decisions, par. 53,252), affirmed, 209 F. 2d 154 (C. A. 4th). This became a final decision upon petitioner's failure to file a petition for a writ of certiorari. Consequently, in accordance with the doctrine of *res judicata,* petitioner cannot relitigate the same issue in the instant suit. *Commissioner* v. *Sunnen,* 333 U. S. 591; *Otis & Co.* v. *Securities and Exchange Commission,* 176 F. 2d 34 (C. A. D. C.), reversed on other grounds, 338 U. S. 843, rehearing denied, 338 U. S. 888.

It is likewise clear that petitioner is barred from claiming in this suit that the bank stock involved became worthless in 1945 and that he is entitled to a deduction, by way of a carry-over, for the years 1947–1950. The question of whether the stock became worthless in 1945, so as to entitle petitioner to a carry-over deduction in 1946, was actually litigated by petitioner in the prior tax proceeding. While the tax year involved in the prior litigation was 1946, the issue concerning the year of worthlessness is the common factor crucial to the correct tax liability of all the years involved in this suit, namely, 1947–1950. Therefore, in accordance with the doctrine of collateral estoppel, petitioner cannot relitigate the same issue in this suit. *Tait* v. *Western Md. Ry. Co.,* 289 U. S. 620, 623; *Partmar Corp.* v. *Paramount Corp.,* 347 U. S. 89, 90–91.

2. No question of fraud with respect to the judgment in *United States Sav. Bank* v. *Morgenthau,* 85 F. 2d 811 (C. A. D. C.), certiorari denied, 299 U. S.

605, rehearing denied, 301 U. S. 666, was properly before the courts below.[3] The judgment in the *Savings Bank* case does not form the basis of any bar or estoppel here but it is the prior tax litigation, and that alone, which prevents petitioner from relitigating the tax issue in this case. Moreover, it might be observed that, even if the question were properly in this tax suit, relief from that judgment could not be obtained collaterally as attempted here but would have to be obtained in accordance with the Federal Rules of Civil Procedure, Rule 60 (b). *Pennoyer* v. *Neff*, 95 U. S. 714; *Williams* v. *North Carolina*, 325 U. S. 226; *Restatement of Judgments*, Sections 5–7, 11 (1942).

3. The procedural questions urged by petitioner (Pet. 2–3) are wholly without merit. No abuse of discretion was shown, and the court below properly found no error affecting substantial rights. (Pet. 13.) *Papagianakis* v. *The Samos*, 186 F. 2d 257 (C. A. 4), certiorari denied, 341 U. S. 921; *Eisler* v. *United States*, 170 F. 2d 273 (C. A. D. C.); Federal Rules of Civil Procedure, Rule 77 (d). The theory underlying petitioner's assertion of a violation of the Fifth Amendment of the Constitution is obscure. (Pet. 3, 4, 9, 10.) Manifestly, no claim that the Fifth Amendment was violated can be sustained on the facts as shown. Petitioner does not contend that there is a conflict in decisions; indeed, no conflict is presented. No novel question is involved, nor does any other rea-

[3] It might be pointed out that in the prior tax litigation, petitioner also asserted that the *Savings Bank* decision was procured by fraud, so that he is here attempting to relitigate that issue.

son appear which would warrant further review by this Court.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1956

No. 698

WADE H. COOPER,

Petitioner,

vs.

UNITED STATES OF AMERICA,

Respondent.

PETITION FOR A REHEARING FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

WADE H. COOPER, *pro se,*
Attorney for Petitioner,
University Club,
Washington, D. C.

Statement

This is a petition for a rehearing for a Writ of Certiorari to the District Court of Appeals for dismissing the bill to have declared fraudulent the order of 1936 (D. C. Court of Appeals) declaring the Bank in question insolvent, causing a stock loss to Petitioner in excess of $350,000.00, which he seeks to carry over under the law of 1941, and a refund of around $14,000.00.

Petition For Rehearing

Petitioner, Wade H. Cooper, prays the Court for a rehearing and a reconsideration of this case for the reasons stated under the argument.

Argument

1. The fundamental or primary question in this case, or the question without which the original complaint would never have been filed, is stated in language as plain as English words can make it in paragraph 2, page 9, of the Joint Appendix, which distinctly prays:

> That this Court declare that the order of the D. C. Court of Appeals, in the case of Bank vs. Morgantheau, *et al.* (69 D. C. Appeals 234, and 85 F. 2nd 811) of July 20, 1936, holding said savings bank insolvent was obtained by misrepresentation and fraud and is not binding upon this Court in the instant case.

Petitioner does not know *why* this Court denied the prayer of Petitioner for a writ of Certiorari in this case, but assumes for the reason, as stated by the D. C. Court of Appeals in its decision of October 25, 1956, that the claims are barred by *res judicata* and *collateral estoppel.*

Now let us remember, if the Court please, that the Court of Appeals (CCA4) is without original jurisdiction and

therefore Petitioner was forced into the District Court to obtain relief from the fraudulent order of 1936. And please remember that Petitioner did not and is not seeking any relief from the Court of Appeals (CCA4) whatever, as that Court was and is without any original jurisdiction. He is seeking relief from a fraudulent order of the District Court of Appeals of 1936, upon which the Tax Court and Court of Appeals (CCA4) based their opinions. Here is what the Respondent in his brief (page 9) says on this subject of estoppel:

> "The judgment in the *Savings Bank* case does not form the basis of any bar or estoppel here, but it is the prior tax litigation, and that alone, which prevents Petitioner from relitigating the tax issue in this case."

The record speaks for itself and clearly shows that Petitioner stated in his complaint all the facts, without concealment of any, and the cause of this action,—that the order of the Court of Appeals (CCA4) was based upon a fraudulent order.

When in this Country did it become unlawful or against the Rules for a complainant to tell the Court why he brings a suit or the purpose of the suit? They all admit that the lower Courts had jurisdiction, jurisdiction for what purpose, to grant a prayer of the complainant or run off at a tangent and grant some other prayer. With perfect courtesy the claim by either of the lower Courts that this suit is barred is without any foundation whatever.

Instead of prohibiting disclosures of the reasons for suit Rule 60(b) urged by Respondent, specifically requires a statement of the cause, and states positively:

> "This Rule does not limit the power of a Court (1) to entertain an action to relieve a party from a judgment, order or proceeding, or (2) to set aside within

> one year as provided in Section 57 of the Judicial Code, U. S. C. Title 28, Sec. 118, a judgment obtained against a defendant not actually personally notified."

This Court certainly understands that this complaint is *not* brought under Rule 60(b) for any mistake of Petitioner, but under the Equitable or Common Law right for relief from a fraudulent order caused, not by the Court, but by the defendants in that case. This is nothing less than a Machavellian attempt, a bold attempt to beg the real question, to hedge and dodge as a means to an end, to which this Court should not yield. Petitioner agrees 100 per cent with both the lower Courts that the order of the Circuit Court (CCA4) is *res judicata*, but that certainly is no bar to this suit for fraud.

2. The Respondent, The Government, is given 60 days (Rule 12(a) page (15)) in which to plead or answer under the law, but did not answer within five months, lacking 5 days, and then without permission of the Court (see affidavit of Rufus E. Stetson, Assistant U. S. Attorney, (Joint Appendix page 26). Rule 55(e) prohibits a judgment against the Government "unless the claimant establishes his claim or right to relief by evidence satisfactory to the Court". Petitioner was arbitrarily denied that right by the lower Courts. Giving the Government 60 days in which to answer certainly means what it says, and surely does not prohibit the entry of a judgment except as above stated in Rule 55(e). There is no denial of the various sums paid by Petitioner but a denial of the time,—a few days. Petitioner only prays for what the law allows.

3. The Rule 56(c) requires notice to a party for a hearing, which was never given to Petitioner for the alleged hearing of the "amended Motion" in violation of the rules as well as the due process clause of the Fifth Amendment

of the Constitution. (See affidavit of Petitioner (J. A. page 47)). The Supreme Court has denounced such conduct as a "fraud" and a "mockery", a "solemn fraud" and as "mere mockeries". See Windsor vs. McVeigh, 93 U. S. 281, (1876).

4. Respondent in his brief (page 7) says Petitioner "also claimed, as he does in this suit, that the gain resulting from the assignments of interest was a return of Capital". Respondent fails to differentiate between "Capital Gains" and return of capital. The Tax Court held the gains represented ordinary income and not "gifts" and did not qualify for "Capital Gain". The "Return of Capital" was never before the Court and is tax free (See amended complaint bottom of page 29 J. A.) and see Regulation 111, Sec. 29, 21-1(a) "a mere return of capital" is entirely free from taxation, and Penroad Corporation vs. Commissioner, Tax Court Vol. 21, page 1098 (1954).

5. On page 9 of his brief, in a footnote, Respondent goes outside of the record to say * * * "Petitioner also asserted that the *Savings Bank* decision was procured by fraud, so that he is here attempting to relitigate that issue." Why was this omitted from the answers and the motions? Why this fashion? If the Court will permit an answer, it is this: During the argument Judge Parker inquired of Petitioner: "What are we going to do about that decision of 1936?" Petitioner replied: Disregard it entirely, as it was obtained by misrepresentation and fraud. And finally Judge Parker stated as the Court was without original jurisdiction there was nothing they could do about it,— the fraudulent order or the affidavits showing fraud. The question of fraud was never in issue and never litigated. But prior to this petitioner in his brief at page 17 had denied the right of Respondent to inject the years 1936

and 1937 into the record, as neither year had ever been put in the pleadings and were never at issue.

6. The case of Pennoyer vs. Neff, 95 U. S. 714 (1877) cited by Respondent, was a case wherein the Supreme Court differentiated between a suit or judgment *in personam* and *in rem* and a proceeding *ex parte* and a judgment *coram non judice*. This Petitioner agrees with every holding made in this case. It is a long opinion of 35 pages and the Court held:

1. The judgment, if void when rendered, will always remain void.
2. That a person is not bound by a judgment without notice.
3. To have declared void an order, requires a direct action either by appeal or separate action.
7. For a denial of a jury trial.

Conclusion

(a) Rule 61 says the Court shall disregard the Rules and all mistakes * * * "which does not affect the substantial rights of the parties", which certainly means the legal and Constitutional rights of the parties, and not the personal opinion of any Judge or Justice.

Petitioner has already stated in his former reply brief (page 4):

> Certainly it would be a waste of time and money to relitigate the same questions, which does not apply here at all, as the instant case is to declare fraudulent the Court order of 1936, for the reason stated in the affidavits and exhibits.

He here and now repeats and confirms that statement and repudiates any such claim, and relies solely and exclusively upon the prayer in the original bill,—that the order of 1936 referred to, be declared fraudulent.

(b) It is a remarkable situation, that in the District Court the first order relying upon *res judicata* was never entered as the docket shows, until following the "amended motion", denying any material facts; and then in the Court of Appeals Counsel repudiated the "amended motion" and relied solely upon *res judicata*. But the Court of Appeals found no trouble in sustaining the phantom claim of *res judicata* when the prayer as already shown is for relief from the fraudulent order of 1936.

(c) Tacitus tells us that when Tiberius Caesar was accused with Piso of being a party to the death of Germanicus, he appeared before the Senate and urged the Senators to exercise the most rigorous impartiality: "Let them Judge", he said "without regard either for the imperial family or the family of Piso." Petitioner does not desire one dollar of this money unless he is entitled to it, and he respectfully urges this Court to follow the noble example as urged by Tiberius Caesar, and judge this case by the rule of reason, the rule of law and justice. Forget, if you wish, the delay in filing an answer, but do not put the highest court in the land in the position of sustaining such a phantom farce as this record discloses. Manifestly some of our Courts are to blame, and not the Attorneys, for such methods, the only way out, and would not attempt it, except as a result of such toleration by some of our Courts. The Court should always explain why a petition for certiorari is denied, and any law to the contrary should be repealed.

(d) Our Courts are the corner stone of our Government. When the corner stone is swept away, all is swept away, everything becomes flotsam and jetsam. Paraphrasing the language of Sophocles in his ode in the "Fragments of Bacchylides"—

> Who strikes at justice a cruel blow
> Lays the judicial reputation very low.

You men are final or absolute Judges in our world, just as much as the Almighty is the absolute in the celestial world.

(e) Petitioner respectfully urges Mr. Justice Frankfurter, Mr. Justice Reed and Mr. Justice Black to refrain from participating in this case, as all three of them refused to grant certiorari, unless Petitioner is mistaken, in the case where Petitioner sued for conspiracy to wreck the Bank, thereby approving the lower court holding that all officers of the Government are immune, so long as they act within the scope of their authority, clearly meaning that a conspiracy to wreck and destroy was "in the scope of authority", a paradoxical situation. They also refused to grant Certiorari where the lower Court required the Bank to pay 6 per cent interest following the payment of 100 per cent principal, both holdings contrary to law.

For the foregoing reasons Petitioner prays that this petition for a Rehearing for a Writ of Certiorari be granted.

Respectfully submitted,

March 23, 1957.

WADE H. COOPER, *Pro se*,
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(I hereby certify that this petition is filed in good faith and not for delay and this petition is restricted to the grounds above specified.)

WADE H. COOPER.